

January 2025

Dear Friends and Valued Clients:

When you contact the office (650-349-8982) you will be connected directly to Taylor. This is the most EFFICIENT form of communication **I have decided to turn OFF my cell phone** so I will not answer it nor answer texts during tax season; everything needs to go through the main office line. If you need to speak with me, she will send me a notice to call you back. **DO NOT ANTICIPATE THAT I HAVE YOUR NUMBER SO PLEASE PROVIDE YOUR NUMBER.**

During the height of the season, I have more than 1000 emails. Many of you send me e-mails and they get missed or not answered because of the shear volume. I would like you to call the office after you send me an email with information or a K1 schedule or something you had forgotten; this way it will not get missed. Also, if you drop something off please call and let me know you dropped it off otherwise it could get overlooked.

Time to talk taxes: **FILING IS DUE APRIL 15, 2025. Practically NO CHANGES from 2023.**

PROCEDURES:

- **All communication will be handled via telephone, ZOOM, FAX or e-mail and VERIFY my portal. My web site at www.censoprano.com. There are hundreds of worksheets that you can now have at your fingertips.**
- **With technology as it currently is, this is a safer and more productive method. As such, there are no personal face-to-face appointments.**
- **For those that drop off papers, we have installed a mail slot on the door! You will no longer put the papers in the bin outside; this will give you peace of mind that the paperwork is inside the house.**
- **PLEASE PUT YOUR PHONE NUMBER INSIDE YOUR PAPERS SO WE CAN CALL TO CONFIRM RECEIPT**

STANDARD DEDUCTION: \$14,600 (Single); \$29,200 (MFJ); \$21,900 (HH)

Mileage reimbursement for 2025: 67 cts; Charity 14 cts; Medical 21.

ORGANIZER or checklist: If you would like an organizer showing the previous year's items, please call or email me and I will send you one. If you prefer a checklist, please go to www.censoprano.com. There you can find a generic organizer and the checklists.

Dateline: S Corporations and Partnerships are due March 15,; C Corporations are due April 15

LATE FILING PENALTIES: Please note that filing an extension is an extension of time to FILE your tax return; it is not an extension of time to PAY your taxes due. So, if you owe money and file AFTER April 15, IRS will charge a penalty which is .5% of the tax due plus 7% interest. This is calculated on a monthly basis. You can only avoid the penalty if you pay your tax IN FULL by the due date. Sometimes that is not possible because you have not received certain information such as a K1 schedule. IRS is mandating that if you file your return after April 15 and have a balance due, the penalty and interest will be reflected on the bottom of the tax return.

EXTENSIONS: I must have an email or phone call verification from you asking for an extension. This is due to the problems concerning identity theft. Please make sure you let us know you want an extension otherwise it will not be filed.

MEALS: Meals are deductible at 50%

GIFTING: THE exclusion for 2024 is \$ 18,000 per person; For 2025, it will be \$19,000.

CLEAN VEHICLE CREDIT: If you purchased an electric vehicle, it is IMPERATIVE that you provide Form 15400 from the dealer which QUALIFIES the vehicle for the possible credit.

RETIREMENT: Maximum IRA \$7000 (you might not qualify); there is a \$ 1000 catch-up. Maximum SEP: \$69,000 based on a formula (\$76,500 if 50 or older); 401k maximum \$23,000 under age 50; \$30,500 50 and older. In addition to the above.

QLAC: Qualified Longevity Annuity Contract: Allows taxpayers to remove up to \$200,000 from their IRA and hold them until age 85. This removes the RMD from the calculation till age 85. THIS IS AN EXCELLENT WAY TO REDUCE YOUR INCOME, SAVE TAXES ON SOCIAL SECURITY AND POSSIBLE MEDICARE PART B.

VENMO AND PAY PAL: These companies will issue you 1099K and the income must be reported.

ONLINE ACCOUNT: I am recommending each of you set up your own IRS Online account. You will be able to view your account status, make payments, view past payments, confirm economic impact payments, pull IRS transcripts and view new IRS notices and letters you may have received. Go to: www.irs.gov/payments/view-your-tax-account. Click “Log in to your Online Account”. You MUST use internet explorer!

RMD: Taxpayers born in 1951 through 1958, your RMD starts at 73; age 75 if born after 1958.

Medicare: If your income drastically rises from the prior year (sale of a home), if you receive Medicare benefits, you may be subject to the Medicare surcharge. The surcharge is based on your adjusted gross income. It lasts for one year.

SHORT TERM RENTALS: As discussed last year, you are required to pay a County tax. Please review last year’s newsletter.

SOCIAL SECURITY: If you retire earlier than your NORMAL retirement age, you can only earn \$22,320 annually or \$1860 per month, before you will be penalized by Social Security and have to pay back some monies.

83b elections: Those of you electing to pay tax up front on restricted stock will now use FORM 15620 to make your 83b election. You can still file a statement using Revenue Procedure 2012-29.

Crypto rewards: Revenue Rule 2023-14 states when one stakes crypto native to a proof-of-stake blockchain and receives additional crypto the fair market value of those rewards is gross income in the year the taxpayer has dominion and control over the rewards. This is so EVEN IF your reward is frozen.

WARMEST REGARDS.....Sal and Taylor